

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

RECEIVED

(606) 886-2314

SEP - 1 2004

August 31, 2004

PUBLIC SERVICE
COMMISSION

Beth O'Donnell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

Case 2004-00346

Dear Ms. O'Donnell:

ENClosed is the GAS Cost Recovery for Oct 2004 thru December 2004.

If YOU have any questions?; please call at the above number.

Sincerely,


Kimberly Crisp

Auxier Road Gas Co

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

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COMMISSION

Date Filed:

August 31, 2004

Date Rates to be Effective:

Oct 1, 2004

Reporting Period is Calendar Quarter Ended:

June 30, 2004

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

Component	Unit	Amount
Expected Gas Cost (EGC)	\$/Mcf	7.3582
+ Refund Adjustment (RA)	\$/Mcf	(.3487)
+ Actual Adjustment (AA)	\$/Mcf	.1336
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	7.1431

GCR to be effective for service rendered from Oct to Dec

A.	Unit	Amount
<u>EXPECTED GAS COST CALCULATION</u>		
Total Expected Gas Cost (Schedule II)	\$	737,887
+ Sales for the 12 months ended <u>June 30, 2009</u>	Mcf	100,281
= Expected Gas Cost (EGC)	\$/Mcf	7.3582
B.	Unit	Amount
<u>REFUND ADJUSTMENT CALCULATION</u>		
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
= Refund Adjustment (RA)	\$/Mcf	
C.	Unit	Amount
<u>ACTUAL ADJUSTMENT CALCULATION</u>		
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.2620)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.3878
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1893)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2852)
= Actual Adjustment (AA)	\$/Mcf	(.2487)
D.	Unit	Amount
<u>BALANCE ADJUSTMENT CALCULATION</u>		
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.104)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.1064
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.1248
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0064
= Balance Adjustment (BA)	\$/Mcf	.1336

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended June 30, 2004

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation Energy			25856	8.58	221814
ACI-Kaovs Drilling			4193	3.10	12998
Equitable Resources			8374	9.73	81479
CBS/Kaovs			20021	2.94	58862
Columbia N12			44695	8.1150	362700
Totals			<u>103139</u>		<u>737883</u>

Line loss for 12 months ended June 30, 2004 is 2.8 % based on purchases of 103139 Mcf and sales of 100281 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	737883
+ Mcf Purchases (4)	Mcf	103139
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.1543
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	103139
= Total Expected Gas Cost (to Schedule IA.)	\$	737883

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended June 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> (Apr)	<u>Month 2</u> (May)	<u>Month 3</u> (June)
Total Supply Volumes Purchased	Mcf	8364	5420	4754
Total Cost of Volumes Purchased	\$	49005	32063	19411
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	8558	5144	4703
= Unit Cost of Gas	\$/Mcf	5.7262	6.2270	4.1274
- EGC in effect for month	\$/Mcf	6.8966	6.8966	6.8966
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.1704)	(0.6696)	(2.7692)
x Actual sales during month	Mcf	8558	4830	4703
= Monthly cost difference	\$	(10016)	(3234)	(13024)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(26274)
÷ Sales for 12 months ended <u>June 30, 2004</u>	Mcf	<u>100281</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.2620)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended June 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of <u>.5844</u> \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>100281</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$ \$ \$	48162 58604 <u>(10442)</u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$ \$	 <u> </u>
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$ \$ \$	 <u> </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>(10442)</u>
+ Sales for 12 months ended <u>June 30, 2004</u>	Mcf	<u>100281</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>(.104)</u>

Auxier Road Gas Company, Inc.

Box 785
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President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost Recovery</u>	<u>Total</u>
First MCF (minimum bill)	5.11	7.1431	12.2531
All over first MCF	4.2599	7.1431	11.403

Constellation NewEnergy - Gas Division

9950 Corporate Campus Dr. Suite 2000 Louisville KY 40223
 Phone: (502) 426-4590 Fax: (502) 426-8800

Estill Branch
 606-885-2314
 606/889-0406

AUXIER ROAD GAS COMPANY
Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 08/23/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(used 2003 Consumption)</small>	(G) Total Cost Monthly (E*F)
Oct-04	\$5.4660	\$0.5200	0.97435	\$0.2300	\$8.3736	5,827	\$35,864.15
Nov-04	\$6.2510	\$0.5200	0.97435	\$0.2300	\$7.1792	8,465	\$60,772.34
Dec-04	\$6.7380	\$0.5200	0.97435	\$0.2300	\$7.6770	6,588	\$50,576.18
						20,680	\$147,212.67

WACOG = \$7.12

Handwritten notes:
 1.212
 6.2510 x 8,465 = 52,985.15
 6.7380 x 6,588 = 44,390.54
 52,985.15 + 44,390.54 = 97,375.69
 97,375.69 / 20,680 = 4.71

Juxter Road Gas Co., Inc.
P. O. Box 785
Prestonsburg, Kentucky 41653

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COMMISSION

BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT, KY 40602

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